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FISCAL IMPACT STATEMENT

LS 6616

BILL NUMBER: HB 1129

NOTE PREPARED: Dec 29, 2002

BILL AMENDED:

SUBJECT: Vending Machine Sales in Schools.

FIRST AUTHOR: Rep. Brown C

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: The bill provides that soft drinks and similar beverages and food with no or low nutritional value may not be sold from vending machines or other dispensing units during school hours in areas to which students have access.

Effective Date: July 1, 2003.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: *Summary:* A preliminary survey indicates that several school corporations have entered into contracts with soft drink manufacturers. Existing contracts range from \$30,000 to \$200,000 of guaranteed money per year to offer the products of one exclusive manufacturer. Proceeds from the contracts are used by school corporations to fund school-related activities, including education foundations, student activities, teacher development, and extra-curricular activities (such as uniforms for sports teams). One school corporation was able to secure a sixty-acre plot of land with the proceeds of such a contract on which to build a new school facility.

Some corporations have contracts or agreements with more than one manufacturer. Contract amounts vary among the school corporations along with their carbonated beverage policy during school hours and other factors. The survey indicates that school corporations with a restricted access policy to soft drinks during

school hours do have contracts with a manufacturer. Contracts can have a duration of three to over ten years depending on the contract. Other school corporations may not have exclusive contracts, however, they may allow the individual schools within the corporation to secure contracts.

The bill could affect school corporations that have expiring contracts with soft drink manufacturers. It is possible lost revenue from soft drink and food sales could be shifted to other beverages such as fruit juice or water (several major manufacturers of soft drinks also produce fruit and sports drinks). The specific impact to local revenue is indeterminable and would vary among school corporations by the revenue a school corporation currently retains from vending sales of soft drink and food during school hours.

Background: For the 2002 school year, approximately 1,900 public schools were in operation within Indiana's 293 school corporations.

State Agencies Affected:

Local Agencies Affected: School corporations.

Information Sources: DOE SAS and SQL tables; School corporations responding to a Legislative Services Agency survey.

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